



**TERTIARY MINERALS PLC**  
("Tertiary" or "the Company")  
[www.tertiaryminerals.com](http://www.tertiaryminerals.com)

## **Results for the year ended 30 September 2011**

Tertiary Minerals plc, an AIM-quoted mineral exploration and development company building a significant strategic position in the fluorspar sector is pleased to announce final results for the year ended 30 September 2011. This has been a year of progress in the Company's ambition to become a major supplier of fluorspar to European markets.

### **Key Points:**

- Strong demand for fluorspar in 2011 and spot acid-grade fluorspar prices up 69%.
- Maiden JORC Mineral Resource of 28 million tonnes grading 10.2% fluorspar for Storuman.
- Prefeasibility study, mine and environmental permitting studies in progress.
- Recent drilling at Storuman gives step change in expectations for the ultimate size of the deposit.
- Progress at Lassedalen with positive results from core sampling. Metallurgical testwork and JORC Mineral Resource estimation in progress.
- Encouraging results from first drill programme at Kiekerömaa gold prospect in Finland.

Commenting, Patrick Cheetham, Executive Chairman, said: **"It is an exciting time for the fluorspar industry and the definition of the maiden Mineral Resource at Storuman and the start of preliminary feasibility studies and permitting marks our transition from explorer to developer.**

**Fluorspar markets are expected to remain tight for years to come and we look forward to reporting further progress during 2012."**

### **ENQUIRIES**

**Tertiary Minerals plc**  
Patrick Cheetham, Executive Chairman

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## **Chairman's Statement**

I have great pleasure in presenting the Company's results for the year ended 30 September 2011 and to report on the progress we have made towards our goal of becoming a major supplier of fluorspar to European markets.

Despite the uncertain global economy, fluorspar demand was strong in 2011 and we understand that consumers have seen solid demand and price increases for their downstream fluorine chemical products.

The dynamics of the global fluorspar market continue to evolve. China, the world's largest producer, has introduced policies which have resulted in its domestic production being directed to the manufacture of high added value fluorine chemicals in a vertically integrated domestic industry. Chinese exports of acid-grade fluorspar, the essential raw material for the fluorine chemical industry, continue to decline and consequently western consumers are looking to secure new sources of raw material supply.

Concerns about climate change have driven the development of new fluorine-based refrigerants and propellants to replace CFCs. Fluorine is becoming an essential component in a number of important emerging technologies such as in lithium-ion batteries and rare-earth super-magnets essential for hybrid and electric vehicles. Fluoropolymers are finding increasing uses and in the pharmaceutical industry 30%-50% of new drugs being developed involve fluorine in their formulations.

Fluorspar prices continued to climb in 2011 with recent Chinese export (spot) prices reaching \$600/tonne, up 69% from the beginning of 2011. Fluorspar markets are expected to remain tight for years to come.

### **Storuman Fluorspar Project**

Against these very positive industry dynamics I am pleased to report that the Company has made substantial progress at the Storuman fluorspar project in Sweden during the period.

We announced a successful resource definition drilling programme and a maiden JORC compliant Mineral Resource in 2011. The Indicated & Inferred Mineral Resource of 28 million tonnes grading 10.2% fluorspar exceeded expectations from the earlier scoping study with open-pit optimisation delivering a 28% increase in the amount of in-pit fluorspar at a significantly lower mining strip ratio than previously predicted. Furthermore, 90% of the Minerals Resource was reported to be in the "Indicated" category which is suitable for detailed mine planning.

Given the price increases seen this year, the fluorspar pricing assumptions used for the positive scoping study and the resource estimate (\$357/tonne delivered Rotterdam) now appear quite conservative.

Preliminary feasibility studies for development of Storuman have commenced. Further metallurgical studies are underway and consultants are being selected for the various component studies which we expect to finish towards the end of 2012. Environmental baseline sampling programmes, mine and environmental permitting studies have started and will continue into 2012. We anticipate that we will submit an application for a mining lease at the end of 2012.

The recent resource estimate allowed us to contemplate a sustainable mining operation with a mine life in excess of 25 years. I am pleased to also report that the results of a further drilling programme carried out this summer have brought a step change in our expectations for the ultimate size of the Storuman deposit. Drilling in untested areas on the west and north-west side of the known mineral resource established that there is an area of mineralisation which is potentially much larger than that defined so far. This includes areas of high grade mineralisation accessible to

highly mechanised “in-ore” room and pillar mining methods requiring minimal underground infrastructure development ahead of, or during, production.

These recent discoveries highlight the need to include an evaluation of underground mining options in the current preliminary feasibility studies, as well as increased production rates.

### **Lassedalen Fluorspar Project**

Important progress has also been made in 2011 at the Company's second fluorspar project, Lassedalen, southern Norway. In May 2011 the Company announced positive results from sampling of archived drill core from holes drilled in the 1970s by Norwegian company Norsk Hydro A/S and the acquisition of an extensive archive of testwork and other feasibility data.

Our own assay results show good correlation with archived data whilst metallurgical reports from the 1970s show that acid-grade fluorspar was produced in pilot plant trials and projected recoveries of fluorspar in excess of 80% (a good recovery in the fluorspar industry today). A programme of confirmatory metallurgical testwork is in progress to confirm the results of earlier testwork.

SRK Consulting (UK) Ltd has been engaged to carry out a maiden Mineral Resource estimate for Lassedalen and the results of this work are expected to form the basis for a preliminary technical and economic evaluation of the project.

### **Other Projects**

We assigned a lower priority to our other projects during the year but nevertheless we concluded a drilling programme on the **Kiekerömaa** prospect which forms part of the Company's **Finland Gold Project**. This programme returned some significant gold intersections but was impacted by poor core-sample recovery. It remains an exciting and intriguing prospect and we are currently evaluating the results of a geophysical programme designed to guide a follow up drilling programme using alternative drilling techniques which we hope will give acceptable sample recoveries.

The Company has not carried out any further work on the Kolari iron, Ghurayyah tantalum-niobium-rare-earth or Rosendal tantalum projects as licences remain to be granted.

### **Sunrise Resources plc**

The Company has maintained its shareholding in Sunrise Resources plc. The market value of this holding was £285,845 at the year end, up 71% on the 2010 year end value.

### **Financials**

The Group reported a loss of £289,673 for the year (2010: £321,563). The audited financial statements are prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union.

### **Conclusions**

It is an exciting time for the fluorspar industry and the definition of the maiden Mineral Resource at Storuman and the start of preliminary feasibility studies and permitting marks our transition from explorer to developer.

The forecast growth for fluorspar consumption means that the equivalent of a new medium sized fluorspar mine needs to come on stream every year, but there are just a handful of companies having this ambition. Tertiary Minerals plc is one of very few public listed companies offering investors exposure to this strategic commodity and in 2012 we expect to be able to make further substantial progress towards our goal of becoming a significant and profitable producer.

### **Patrick Cheetham**

Executive Chairman

14 December 2011

**Tertiary Minerals plc**  
**Consolidated Income Statement**  
**for the year ended 30 September 2011**

	2011 £	2010 £
Pre-licence exploration costs	<b>12,606</b>	32,960
Impairment of deferred exploration costs	-	69,134
Administrative expenses	<b>282,181</b>	220,456
<b>Operating loss</b>	<b>(294,787)</b>	(322,550)
Interest receivable	<b>5,114</b>	987
Loss on ordinary activities before taxation	<b>(289,673)</b>	(321,563)
Tax on loss on ordinary activities	-	-
<b>Loss for the year attributable to equity holders of the parent</b>	<b>(289,673)</b>	(321,563)
Loss per share – basic and diluted (pence)	<b>(0.26)</b>	(0.36)

All amounts relate to continuing activities.

**Tertiary Minerals plc**

**Consolidated Statement of Comprehensive Income**

**for the year ended 30 September 2011**

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	<b>Group 2011 £</b>	Group 2010 £
<b>Loss for the year</b>	<b>(289,673)</b>	(321,563)
Movement in revaluation of available for sale investment	<b>118,458</b>	-
Foreign exchange translation differences on foreign currency net investments in subsidiaries	<b>(6,927)</b>	8,046
<b>Comprehensive loss for the year attributable to the equity holders of the parent</b>	<b>(178,142)</b>	(313,517)

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## Tertiary Minerals plc

Company Registration Number: 03821411

## Consolidated and Company Statement of Financial Position

at 30 September 2011

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
<b>Non-current assets</b>				
Intangible assets	1,376,946	-	709,130	-
Property, plant & equipment	22,845	19,980	1,238	1,206
Investment in subsidiary	-	3,816,088	-	3,131,730
Available for sale investment	285,846	285,846	167,387	167,387
	<b>1,685,637</b>	<b>4,121,914</b>	<b>877,755</b>	<b>3,300,323</b>
<b>Current assets</b>				
Receivables	87,970	55,132	42,263	38,965
Cash and cash equivalents	1,178,941	1,125,487	370,334	75,222
	<b>1,266,911</b>	<b>1,180,619</b>	<b>412,597</b>	<b>114,187</b>
<b>Current liabilities</b>				
Trade and other payables	(164,523)	(51,739)	(95,781)	(43,957)
<b>Net current assets</b>	<b>1,102,388</b>	<b>1,128,880</b>	<b>316,816</b>	<b>70,230</b>
<b>Net assets</b>	<b>2,788,025</b>	<b>5,250,794</b>	<b>1,194,571</b>	<b>3,370,553</b>
<b>Equity</b>				
Called up share capital	1,188,161	1,188,161	885,162	885,162
Share premium account	6,449,238	6,449,238	5,035,112	5,035,112
Merger reserve	131,096	131,096	131,096	131,096
Share option reserve	187,567	187,567	133,096	133,096
Available for sale revaluation reserve	3,117	45,642	(115,341)	(72,816)
Foreign currency reserve	136,352	-	143,279	-
Accumulated losses	(5,307,506)	(2,750,910)	(5,017,833)	(2,741,097)
<b>Equity attributable to the owners of the parent</b>	<b>2,788,025</b>	<b>5,250,794</b>	<b>1,194,571</b>	<b>3,370,553</b>

**Tertiary Minerals plc**

**Consolidated and Company Statement of Cash Flows**

**for the year ended 30 September 2011**

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
<b>Operating activity</b>				
Operating loss	(294,787)	(14,767)	(322,550)	(1,125,200)
Issue of shares in lieu of net wages	-	-	5,273	5,273
Depreciation charge	5,984	5,540	2,037	1,750
Impairment charge	-	-	69,134	-
Share based payment charge	54,471	54,471	37,045	37,045
(Decrease)/increase in provision for impairment of loans to subsidiaries	-	(250,483)	-	928,988
(Increase)/decrease in receivables	(45,709)	(16,167)	9,833	9,655
Increase in payables	68,742	7,782	19,150	2,721
<b>Net cash outflow from operating activity</b>	<b>(211,299)</b>	<b>(213,624)</b>	<b>(180,078)</b>	<b>(139,768)</b>
<b>Investing activity</b>				
Interest received	5,114	4,954	987	711
Purchase of intangible assets	(666,855)	-	(169,394)	-
Purchase of property, plant & equipment	(27,591)	(24,315)	(706)	(706)
Additional loans to subsidiaries	-	(433,875)	-	(201,961)
<b>Net cash outflow from investing activity</b>	<b>(689,332)</b>	<b>(453,236)</b>	<b>(169,113)</b>	<b>(201,956)</b>
<b>Financing activity</b>				
Issue of share capital (net of expenses)	1,717,125	1,717,125	-	-
<b>Net cash inflow from financing activity</b>	<b>1,717,125</b>	<b>1,717,125</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>816,494</b>	<b>1,050,265</b>	<b>(349,191)</b>	<b>(341,724)</b>
Cash and cash equivalents at start of year	370,334	75,222	725,080	416,946
Exchange differences	(7,887)	-	(5,555)	-
<b>Cash and cash equivalents at 30 September</b>	<b>1,178,941</b>	<b>1,125,487</b>	<b>370,334</b>	<b>75,222</b>

## NOTES

### 1. Accounting policies

#### **(a) Basis of preparation**

The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union. They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

#### **(b) Going concerns**

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required. When any of the Group's projects move to the development stage, specific project financing will be required.

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising necessary within the next 12 months to meet the Company's and Group's planned discretionary project expenditures and to maintain the Company and Group as going concerns. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. This represents a material uncertainty related to events or conditions which may cast significant doubt on the Group and Company's ability to continue as going concerns and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

### 2. Publication of Non-Statutory Accounts

The financial information set out in this announcement does not constitute the Company's Statutory Accounts for the period ended 30 September 2011 or 2010. The financial information for 2010 is derived from the Statutory Accounts for 2010. Full audited accounts in respect of that financial period have been delivered to the Registrar of Companies.

The Statutory Accounts for 2011 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor has reported on the 2011 and 2010 accounts. The 2011 accounts did not contain a statement under the Companies Act 2006 s498(2) or (3), and the 2010 accounts did not contain a statement under the Companies Act 1985 s237(2) or (3), and both received an unqualified audit opinion. However there was an emphasis of matter in relation to a requirement that the Company raise funds in the future to continue as a going concern.

### 3. Loss per share

Loss per share has been calculated on the loss and the weighted average number of shares in issue during the year.

	2011	2010
Loss (£)	<b>(289,673)</b>	(321,563)
Weighted average shares in issue (No.)	<b>112,533,476</b>	88,408,966
Basic and diluted loss per share (pence)	<b>(0.26)</b>	(0.36)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for the basic earnings per ordinary share. This is because the exercise of share warrants and options would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

#### **4. Dividend**

The directors are unable to recommend the payment of any ordinary dividend.

#### **5. Annual Report**

The Company's 2011 Annual Report will be published and sent to shareholders in due course and copies will be available to the public, free of charge, from the Registered Office of the Company at Sunrise House, Hulley Road, Macclesfield, Cheshire SK10 2LP and will be downloadable from the Company's website at [www.tertiaryminerals.com](http://www.tertiaryminerals.com).